

## **ITT Technical Institute Borrower Defense Group Discharge Executive Summary**

The U.S. Department of Education (Department) has determined that all borrowers who enrolled in a school operated by ITT Technical Institute (ITT) between January 1, 2005 and ITT's closure in September 2016 are eligible for group borrower defense discharge of their related federal student loans. This group process will facilitate relief to borrowers harmed by ITT's actions, including borrowers who have not yet applied for borrower defense.

The Department previously made several detailed findings regarding widespread misrepresentations occurring at ITT campuses and online. Specifically, the Department found that:

- From January 1, 2005 through September 6, 2016, ITT systematically misrepresented its graduates employment prospects, published inflated job placement rates, and overstated the average earnings of ITT graduates;
- From January 1, 2007 through October 31, 2014, ITT made misrepresentations exaggerating the transferability of its credits while it knew its credits would in fact rarely transfer; and
- From July 1, 2007 through September 6, 2016, ITT falsely led students to believe its associate degree in nursing program had specific programmatic accreditation important for students to find in-field employment, when its programs were never actually programmatically accredited.

Applying a preponderance of the evidence standard, BDG concluded that these misrepresentations could serve as the basis for a valid borrower defense to repayment under the 1995 borrower defense regulation (34 C.F.R. § 685.206(c)) and the 2016 borrower defense regulation (34 C.F.R. § 685.222(d)). Due to the overall lack of value in an ITT education, BDG further recommended 100% relief for ITT borrowers whose misrepresentation claims were approved. BDG's recommendations were accepted and implemented by the Department. The findings regarding ITT's widespread misrepresentations have supported the approval of individual borrower defense applications for over 23,000 ITT borrowers to date.

As to the employment prospects claims, BDG found a high degree of consistency with respect to ITT's misrepresentations over time and across all geographic locations, supported by a variety of evidence. For example, BDG's analysis of ITT borrower defense applications shows the pervasiveness of claims based on employment prospects misrepresentations. In fact, over 70% of borrowers asserted employment prospects claims. BDG found that ITT borrowers consistently raise similar allegations related to employment prospects, specifically that they were assured they would obtain employment, regardless of the campus they attended or when, between 2005 and ITT's closure, the borrower attended.

In addition to the applications themselves, sources of evidence originating outside the Department support BDG's conclusions about both the existence and widespread nature of ITT's employment prospect misrepresentations. For example, ITT used a "value proposition"

document that it routinely presented to prospective ITT students beginning in 2007 and that included misleading information about the earning potential of ITT graduates. Furthermore, documents from ITT's accreditor demonstrated that ITT was misrepresenting its job placement rates to all students — through its student handbook and website — between at least 2013 and ITT's closure in 2016. Additionally, affidavits of former ITT employees led BDG to conclude that ITT's employment prospects misrepresentations were “part of an overall recruiting system at ITT and were not limited by location.”

Based on all the evidence reviewed from numerous sources, BDG concluded that nearly all borrowers who attended any ITT campus after 2005 would have been subject to employment prospects misrepresentations. BDG also concluded that a large percentage of ITT borrowers were subject to additional misrepresentations, which provide further bases for granting discharges. First, BDG found that ITT was misrepresenting the transferability of its credits across all campuses and online to students who enrolled between January 1, 2007 and October 31, 2014. Second, BDG found that ITT was misrepresenting the accreditation of its Associate Degree in Nursing program at all campuses to students who enrolled between July 1, 2007 and September 6, 2016.

Because the extensive reach of ITT's misconduct, especially with respect to the misrepresentations about students' employment prospects, ITT's misrepresentations likely would have negatively affected nearly all students who enrolled at ITT after 2005. Consequently, BDG believes that at least tens of thousands of additional borrowers' applications would be approved based on these findings if the borrowers applied individually. A group discharge process is an efficient way to provide relief to eligible borrowers and to streamline the discharge process operationally.

For these reasons, the Department found that it is appropriate to consider these ITT borrowers as a group and further concluded that all borrowers who enrolled at ITT are eligible for group borrower defense discharge of their related federal student loans.